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Apostasy versus Legitimacy: Relational Dynamics and Routes to Resource Acquisition in Entrepreneurial Ventures

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Abstract

What causes some business owners to be marginalized by a social structure that empowers others? This paper explores the relational dynamics of legitimation within a professional service venture context, using a Bourdieusian framework to elucidate the struggles for capital and legitimacy that characterize the venture development process. We identify two profiles of individual business owners who renounce or adhere to the established norms of the professional field, which we call *apostate* and *traditional* respectively. Small accounting ventures may benefit from improved access to resources if they concentrate on fitting in with prevailing small firm professional logics, eschewing logics from outside the focal field associated with apostates. A model of legitimacy is developed that accounts for the efficacy of institutional and strategic modes of legitimacy relative to the maturity of the field and the objectification of its social formations. We propose that entrepreneurial habitus mediates field-level conditions and capital formations that, when combined, create symbolic capital and resource acquisition possibilities.

Keywords

Bourdieu, legitimacy, professional habitus, professional service firms, social capital, symbolic capital

Introduction

Legitimacy, indicating a social judgement of acceptance and cultural alignment (Suchman, 1995), is a critical resource for entrepreneurial firms (De Clercq et al. 2009a; Zimmerman and Zeitz, 2002). Being seen as legitimate denotes a seal of approval from stakeholders that motivates them to donate needed resources such as finance and information (Adler and Kwon, 2002). For the nascent venture, lacking in past performance as an objective indicator of viability, legitimacy has been shown to have particular bearing (Aldrich and Fiol, 1994; Rutherford et al., 2009). The established firm also embarks on an on-going pursuit of legitimacy to sustain a flow of resources for future growth and development (Drori, et al., 2009; Human and Provan, 2000).

There has been significant theoretical and empirical progress into our understanding of entrepreneurial legitimacy: institutional theories of legitimacy have explained the manner in which legitimate characteristics tend to result from regulative, normative and cognitive conformance (Bruton et al., 2010; DiMaggio and Powell, 1983); strategic explanations have underlined the role played by the activities and practices of agents in managing perceptions to create legitimacy (Lounsbury and Glynn, 2001; Zott and Huy, 2007). Studies have explored the relative role played by both institutional and strategic legitimacy in the resource acquisition process of entrepreneurial ventures, but with mixed findings. Some conclude one mode to be better than another (Tornikoski and Newbert, 2007), whereas others highlight the contradictory yet interdependent nature of their respective mechanisms (Beckert, 1999). This paper responds to calls for a more holistic, nuanced, contextual approach to the study of legitimacy and entrepreneurship (Welter, 2010; Zahra, 2007; Zimmerman and Zeitz, 2002) that appreciates the interplay between individual-level resources and the institutional environment (De Clerq et al., 2011). The core research questions this paper addresses are how legitimacy (a relational artefact that motivates resource donation) is constructed through the configuration of resources individual business owners possess; and within a defined professional context, what are the strategic and institutional drivers of legitimacy?

A limited but growing body of research has begun to explore the overlaps between forms of capital, and how different configurations of economic, social and cultural capital can be converted into needed entrepreneurial resources (Cope et al., 2007; Honig, 1998; Shaw et al., 2012). Such work often uses Bourdieu's theorization of the forms of capital to explore the dynamics of resource acquisition, highlighting the importance of symbolic capital in producing 'symbolic effects': attracting explicit

or practical recognition, capturing legitimacy and securing profits (Bourdieu, 2000; De Clerq and Voronov, 2009a; Harvey et al., 2011; Maclean et al., 2012a). Whilst the characteristics of legitimacy in emerging industries have been explored empirically (Déjean et al., 2004; Drori et al., 2009), our understanding of small ventures in mature industries remains largely theoretic or speculative (De Clerq and Voronov, 2009b; 2009c; Suchman, 1995). Using a Bourdieusian framework, we consider the cultural, normative and legislative context(s) within which the owners of professional service ventures in the UK compete to acquire legitimacy and the resources essential to their development. The accounting sector examined in this study is highly regulated and provides insights into the relative influence of institutional and strategic legitimacy in a relatively under-explored entrepreneurial context (Wapshott and Mallett, 2012). Furthermore, the shared capital characteristics of accredited owners of accounting ventures mean that fine-grained differences in legitimating characteristics can be identified.

This research makes a number of theoretical and empirical contributions. We demonstrate that context-dependent studies can identify particular institutional logics that enable or constrain the capacity of certain resource configurations to achieve legitimacy. In mature institutional contexts with established firms, we propose that the higher degree of objectification in accumulated social capital means that established norms and values are more significant than strategic action and interpersonal relationships. Apostasy, a term which describes the abandonment or renunciation of previously held beliefs or principles, is used to describe the group of entrepreneurs who deviate from traditional professional norms and subsequently ostracise themselves from the resource benefits of belonging to a tight-knit professional collectivity. Finally, we propose a contextual, dynamic model that

orientates the negotiation of legitimacy around the objectification of social capital, which is informed by the relative maturity of the field, and where the accrual of symbolic capital is enabled or constrained by the entrepreneur's habitus and possession of field-dependent capitals.

The paper is organized as follows. In the next section, we review the theoretical foundations of legitimacy, perspectives to emerge from the entrepreneurship literature, and resource acquisition from a Bourdieusian perspective. After explaining our methodology and research approach, we relate the key empirical findings from our study. Finally, we outline the main conclusions of the paper and propose a model of legitimacy in mature and emerging fields, from which implications for theory and practice are drawn.

Legitimacy: Theoretical foundations and perspectives

Legitimacy is generally defined as socially constructed, originating from the social judgment of acceptance, appropriateness, and desirability of an entity to the norms, values and expectations of the social context within which it exists (Aldrich and Fiol, 1994; Oliver, 1991; Scott and Meyer, 1991; Suchman, 1995). Two contrasting perspectives exist, however, which sometimes produce divergent or contradictory accounts of legitimacy (Navis and Glynn, 2010). Institutional legitimacy emphasizes how external forces direct social actors to conform to regulations, legal pressures, or values and expectations of the context in which they operate (Aldrich, 1999; Deephouse, 1996). Isomorphic processes mean that organizations subconsciously conform to system-wide norms, beliefs and rules that are deemed to confer legitimacy, and therefore reflect similar forms and practices (DiMaggio and Powell, 1983; Scott, 1994). Strategic legitimacy, by contrast, 'emphasizes the ways in which

organizations instrumentally manipulate and deploy evocative symbols in order to garner societal support' (Suchman, 1995: 572). Social actors actively attempt to influence the perceptions of external audiences or the environment of their credibility through calculated behaviours and symbolic management (Tornikoski and Newbert, 2007; Zott and Huy, 2007).

In entrepreneurship, it is common to study legitimacy at the micro-level, taking the unit of analysis as either the organization (Burt, 1992; Eisenhardt and Schoonhoven, 1990) or the individual (Casson and Giusta, 2007; Gimeno et al., 1997). Measuring legitimacy is difficult, as it is a non-observable, socially-embedded resource that exists in the eyes of the beholder (Zimmerman and Zeitz, 2002). To overcome this dilemma, most studies assume a direct relationship between legitimacy and resource acquisition, and use retrospective performance criteria such as survival, size and profitability to capture legitimacy (Deephouse, 1999; Murphy et al., 1996). Relying on tangible indicators alone has its weaknesses (Tornikoski and Newbert, 2007) particularly as not all firms seek growth but aim to maintain their present size (Birch, 1987). We think it is useful to conceive of legitimacy in terms of sources and outcomes: the sources are entrepreneurial resources and behaviours, as well as industry and resource-holder characteristics; the outcomes are the tangible and intangible performance indicators of the firm. In this paper, we use resource acquisition as a key indicator of legitimacy, our dependent variable, but we adopt a definition of performance and resource acquisition that is grounded in the perspective of the entrepreneur.

One of the greatest initial challenges confronting new ventures is that they lack indicators of past economic performance, and must overcome resource-holders' uncertainty by creating an impression of viability and credibility (Aldrich and Fiol,

1994; Packalen, 2007; Zimmerman and Zeitz, 2002). Strategic legitimacy is often the principle focus of attention in studies of new ventures, and often researchers will draw out the role of various strategies in explaining entrepreneurial emergence, including: social network management (Hite and Hesterly, 2001; Human and Provan, 2000; Smith and Lohrke, 2008); impression management (Baron and Markman, 2003; Lounsbury and Glynn, 2001; Nagy et al., 2012), and symbolic management (Holt and Macpherson, 2010; Rutherford et al., 2009; Zott and Huy, 2007). Tornikoski and Newbert (2007) explored the *relative* role of strategic and institutional legitimacy in firm emergence, and found that strategic activities were more significant than static characteristics of the individual, organization and the environment. Their results suggest that conformance factors such as human capital and prior experience may even hinder an organizations' emergence potential (Tornikoski and Newbert, 2007: 327). Other studies contradict these findings (Brüderl et al., 1992; Elfring and Hulsink, 2007; Jansen et al., 2012) or posit a balance of institutional and strategic legitimacy works most effectively (Beckert, 1999; David et al., 2012; Deephouse, 1999). This paper seeks to uncover the contextual and relational determinants of this balance.

Whilst there is a relative lack of literature exploring entrepreneurial legitimacy in established ventures, extant research suggests that the dynamics of legitimation are different: for example, different network strategies must be used (Human and Provan, 1997; 2000; Slotte-Kock and Coviello, 2010) and organizational scripts must change (Drori et al., 2009; Lounsbury and Glynn, 2001). Motivating network members to bestow resources implies that organizations must deal with the symbolic challenge of creating and maintaining legitimacy (Adler and Kwon, 2002) and 'continually make and remake stories to maintain their identity and

status' (Lounsbury and Glynn, 2001: 560). Just as firms in emerging industries may need to focus on altruism to gain trust (David et al., 2012), established firms might seek to protect the legitimacy they have acquired through downplaying the role of instrumental or consequential concerns, and stockpiling goodwill and support (Suchman, 1995). Maintaining legitimacy can also be problematic, given it involves maintaining a relationship with a fragmented environment and heterogeneous demands, and the environmental irresponsiveness linked to isomorphism (Suchman, 1995: 594). Established organizations have to react, either through inaction, resistance, adoption, or resilience, and their capacity to do so will relate to their legitimacy (Dewald and Bowen, 2010).

The role of entrepreneurial context may help to shed light on the relative roles of institutional and strategic legitimacy in new and developed ventures, and in emerging and mature fields (Beckert, 1999; De Clerq et al., 2011; Lounsbury and Glynn, 2001). In emerging fields, it has been proposed that business owners are not able to leverage logics, positions and collectivities existing with the field, and must therefore draw on external fields and strategic resources to gain legitimacy (David et al., 2012; Navis and Glynn, 2010). The degree of the maturity of the field has an effect on legitimation processes for entrepreneurial newcomers, with the relative benefit of institutional legitimacy, or 'fitting in' being higher in mature fields (De Clerq and Voronov, 2009b). Similarly, David et al. (2012) propose that in mature fields, less legitimacy will be conferred by cultural elements or affiliations with actors and institutions from outside the focal field. There is a need to understand the contextual dynamics of legitimation that appreciates the social structure in which the firm operates. In this paper we respond to calls for in-depth, qualitative research that

derives data from a small number of ventures to fully understand the legitimation process relative to the field (Zimmerman and Zeitz, 2002).

Legitimacy and Resource Acquisition through a Bourdieusian Lens

Our research employs Bourdieu's practice perspective, capital theory and related concepts of field and habitus which, it is proposed, can offer social science researchers a conceptual framework that accommodates agency and structure, both of which are central to the legitimacy debate (DiMaggio and Powell, 1983; Harvey and Maclean, 2008; Maclean et al., 2010; 2012b). In common with other business and management subjects (Emirbayer and Johnson, 2008; Malsch et al., 2011; Oakes et al., 1998; Özbilgin and Tatli, 2005) entrepreneurship scholars have likewise identified the benefits of applying Bourdieu's sociological lens to acquire a deeper understanding of entrepreneurial dynamics (Anderson et al., 2007; 2010; De Clercq and Voronov, 2009a; 2009b; 2009c). Bourdieu's work, De Clercq and Voronov (2009b: 820) propose, could be useful for studying legitimacy, as it enables the disentangling of symbolic boundaries and how these are related to capital configurations such as 'education, socioeconomic status and even moral qualities such as integrity'.

Bourdieu's (1986) work theorizes that the structure and distribution of forms of capital (primarily social, cultural and economic) represent the structure of the social world, and the possibilities and constraints for actors within this. Economic capital is most easily convertible to other forms of capital, but equally cultural capital (embodied knowledge and dispositions) and social capital (connections and social obligations) are convertible, depending on their efficacy in the professional field. Given the embodied nature of cultural capital and the time needed to acquire it,

coupled with the inherent ambiguity of social exchanges, social and cultural forms are often not recognized as capital. However, their ‘clandestine’ conversions and transmissions underline the reproduction and legitimation of power relations within the social world (Bourdieu, 1990). Bourdieu conceptualizes that agents, with varying volumes and configurations of capital, vie for position and compete for capital in dynamic fields, where different forms of capital dominate. When a certain form of capital is known and recognized as legitimate, it becomes symbolic capital: a power which accrues to those who have obtained sufficient recognition to be in a position to impose recognition (Bourdieu, 2000). Social position finds its expression in the habitus which represents the agent’s social conditioning, and is expressed in his or her perceptions and logical practices from being connected to and embedded within a particular field.

Bourdieu’s theorization of the dynamic competition for forms of capital within particular fields offers an opportunity to examine entrepreneurial agency, whilst at the same time acknowledging that entrepreneurial practices are informed by structural limitations imposed by habitus. Drawing on insights from Bourdieu, De Clerq and Voronov (2009b: 802) conceptualize newcomers’ legitimation as ‘an essentially power-laden process shaped by the forces of domination within a particular field’. Legitimacy is socially constructed, and represents a congruence between the activities of the newcomer and the embedded, taken-for-granted assumptions of the field. De Clerq and Voronov (2009a) conceive of entrepreneurial legitimacy *as* habitus, because the habitus determines whether the entrepreneur meets the expectations of field incumbents. Legitimacy, it is proposed, is created by ‘fitting in’ with field incumbents’ expectations, or ‘standing out’, whereby the newcomers can be perceived as legitimate innovators, if they have sufficient symbolic capital.

In this paper, we take a slightly different approach to De Clerq and Voronov (2009a; 2009b) in how we use Bourdieu's theoretical perspective to understand entrepreneurial legitimacy. We view legitimacy as determined by field members who judge legitimacy based on both the volume and configuration of capital they possess relative to the field, and their subjective relationship to the agents' habitus. De Clerq and Voronov (2009a) propose that cultural and symbolic forms of capital have a direct relationship to (respectively) fitting in and standing out. Our interpretation is that an interplay between any of the forms of capital could contribute to the effectiveness of both these strategies, e.g. the social capital from boundary spanning positions (Greenwood and Suddaby, 2006) and bridging ties (Maguire et al., 2004) can allow entrepreneurs to successfully 'stand out'.

The habitus, reflecting cultural alignment, is fundamental in explaining how agents achieve legitimacy in a field. However, the habitus submits to the field (Adkins, 2003) and acts as a *modus operandi* that individuals neither directly produce nor consciously master (Bourdieu, 1977). Habitus is fundamentally a feel for the game, so to locate agency we must look to how individuals adjust their stocks of capital, emphasizing, deemphasizing and enhancing their capital to reflect institutional requirements or changes (Gil et al., 1998). Since members of the field are in competition for capital, the configuration of capital of the dominant members of the field will be valued most, and those without such a configuration will struggle to achieve legitimacy. The habitus further underlines these power struggles by subconsciously embodying the structure of the field and the entrepreneurs' own stock of capital, and reproducing field-level norms and practices. Within the entrepreneurship discourse, Bourdieu's theory of practice has thus far had only limited conceptual development (De Clerq and Voronov, 2009a; 2009b; 2009c) and

empirical attention (Anderson et al., 2010). We build on De Clerq and Voronov's (2009a) important work in this area to examine the micro-level struggles for capital amongst small business owners, exploring how such agents generate legitimacy to gain access to needed resources.

Methodology

Research Context

Given the importance of framing the context of the study (Welter, 2010; Zahra 2007), it is worthwhile outlining some characteristics of professional service firms, and specifically the industry features and dynamics of the small accounting ventures included in this study. Professional service organizations, such as accounting and law firms, operate in a mature and highly regulated sector, and are only rarely the subject of enquiry for entrepreneurship scholars (Cliff et al., 2006; Gooderham et al., 2004; Ram and Carter, 2002). Professional ventures are characterized by knowledge intensity, low capital intensity, and a professionalized workforce (Nordenflycht, 2010). Clients often find it difficult to assess the quality of different market offerings, and therefore rely on credentials, reputation and their networks when choosing a provider (Casson and Giusta, 2007).

We focus in this study on the accounting field, where a preponderance of research has examined the large accounting firms, such that the logic pertaining to smaller ventures is relatively underexplored (Ramirez, 2009; Suddaby et al., 2009). This leaves a gap in our understanding of an important and growing sector: most accounting ventures in the UK are classified as small, with 99% of companies have fewer than 50 employees (Keynote, 2012). We chose to research this context for two main reasons: firstly, the accounting industry is mature and highly regulated, and

provides insight into the relative influence of institutional and strategic legitimacy in an under-researched entrepreneurial context; secondly, accredited professionals share common characteristics (e.g. qualifications) allowing for a fine grained understanding of the relative legitimacy of different configurations of capital to emerge.

Research Approach

Whilst the research approach was guided by *a priori* theory (Bourdieu, 2000; Bourdieu and Waquant, 1992; Suchman, 1995), there is still much to learn about the intricacies of legitimacy as an entrepreneurial phenomenon, and relative influence of institutional pressures and strategic action. Numerous calls have been made in the entrepreneurial legitimacy literature for qualitative, interpretive research designs that capture rich, extensive accounts of the process of legitimation, embedded in broader social, cultural, historical and spatial contexts (Baum and Oliver, 1996; De Clerq and Voronov, 2009b; Lounsbury and Glynn, 2001). Qualitative methods are seen as particularly useful for disentangling the complex overlapping mechanisms of social dynamics and resource exchange (Greenwood and Suddaby, 2006). Furthermore, De Clerq et al. (2011) identify that qualitative research with entrepreneurs helps our understanding of how individual-level mechanisms facilitate or hamper the full exploitation of their resources to support their business endeavours. Driven by the need to appreciate the richness of context, and responding to criticisms of the preponderance of quantitative studies that fail to capture the relational dynamics of entrepreneurship (Kim and Aldrich, 2005; Welter, 2010), we opted for qualitative methods.

Research Design

Our research questions aim to explore how legitimacy is constructed through the configuration of resources individual business owners possess; and within a defined professional context, to uncover the strategic and institutional drivers of legitimacy. These questions suggest using a temporal research design, and our longitudinal primary research involving a two-phases, collecting data from business owners in fifteen ventures located in the UK over a period of twenty-four months. Our sampling method was purposive (Siggelkow, 2007), aiming to select the owners of small accounting ventures that satisfied pre-determined criteria of importance (concerning size of firm, ownership, length of time trading), and which at the same time provided adequate variety and richness (in terms of age of owner, professional affiliation, gender and location) to explore the substantive research problem. All the business owners had started their own business and sustained it for a period of at least three years, and therefore could relate dynamics of resource acquisition. As we intended to explore prior experiences and life objectives, we were not concerned with including or excluding participants based on an explicit intention to grow or develop their businesses. We used the principle of theoretical saturation to guide the sample size (Eisenhardt, 1989; Eisenhardt and Graebner, 2007). A summary of business owners, participating in the study is provided in Table 1. They have been accorded pseudonyms to protect their anonymity.

[INSERT TABLE 1 HERE]

Data Collection

The first phase of data collection utilized the life-story method (Linde, 1993; Miller, 2000) and consisted of open-ended interviews in which participants retrospectively related their professional lives. Life stories are an effective tool for gathering exploratory data on complex processes and how social relationships change and evolve over time, revealing personal identity and its relation to collective identities (Becker, 1970; Giddens, 1991). Our aim was to inductively draw out resource acquisition dilemmas and we asked participants to discuss in detail their business, professional and personal history. We used chronological periods (nascent, start-up and development) to encourage coherence in the participants' stories and also to aid their comparability in analysis (Atkinson, 1998). The interviews lasted between one and two hours, typical of a limited life-story collection that is not collecting a full autobiography (Bertaux, 1981). Based on these initial interviews, we identified preliminary themes relevant to resource acquisition (e.g., losing or gaining clients), personal and business characteristics (e.g. professional affiliation), and mapped out resource wider discourses emerging from the narratives around acquisition dilemmas.

The two-stage research design was important in allowing us to form an emergent perspective of resource acquisition, grounded in the participants' perspectives rather than our own pre-determined categories. We identified important resource acquisition dilemmas embedded within the first interviews, resulting in the identification of 18 start-up and 41 development dilemmas across a range of different categories, including clients, finance, human resources and operations. Participants verified our findings during the second interview, and were asked to select ones that were most critical for their organization. The second set of interviews were conducted between 6 and 13 months after the first phase, which enabled us to record practice over two time periods. We began the second interview by recording what

had happened to their ventures since our last visit, and subsequently used a semi-structured instrument to record the detailed circumstances surrounding the resource acquisition dilemma, including the structural and relational features of ties involved in them (Elfring and Hulsink, 2007; Tsai and Ghoshal, 1998). We also collected data on prominent topics and themes that had emerged from the ongoing analysis of data collected in the first stage, concerning interviewees' personal and business goals, clients, relationships, reputation and professional status.

Data Analysis

Data analysis was ongoing and iterative, employing a cycle of comparison and reflection on old and new data, within and across stages and cases to inform emerging themes (Corbin and Strauss, 2008; Miles and Huberman, 1994). In the initial stage of analysis, we focused on patterns and themes relating to the convertibility and configuration of the various forms of capital involved in resource acquisition dilemmas (Bourdieu, 1986); and in the later stage we analyzed emerging profiles that linked capital characteristics and dispositions (*habitus*) relative to the field, and related these to the construction of legitimacy (Emirbayer and Goodwin, 1994).

The Relational Dynamics of Legitimation

Our data suggest that the owners of small accounting ventures achieve varying levels of success in dealing with resource acquisition dilemmas. Suchman (1995) proposed a useful way to study legitimacy would be examining the incidence of particular legitimacy profiles. Our data indicated there were two broad profiles, which we define as Profile A, 'apostate', and Profile B, 'traditional'. We gained a contextually

grounded appreciation of resource needs from the participants' perspective (Davidsson, 1991; Tornikoski and Newbert, 2007), thereby appreciating factors such as whether business owners were actively seeking to grow their business. The data revealed that Profile A found resource acquisition problematic: for instance, they found it hard to attract new clients and compete with other firms, and they were often dissatisfied with the profile of their business. Given the close relationship between resource effects and legitimacy, the data suggested that Profile A were lacking legitimacy, and we term this group 'apostate' as they shared a disposition or habitus that renounced and disaffiliated themselves from the dispositions of the traditional profile.

Despite some apparent similarities in the capital they possessed, it emerged that nuanced differences in the capital configurations of Profile A compared to Profile B, had significant legitimating influence and resource acquisition effects. Both Profiles engaged in strategic legitimacy-building activities, but Profile A were less able to garner the resources they needed, whereas the strategies of Profile B were more successful because they were able to satisfy dominant institutional expectations. The data suggested five principle legitimating themes which differentiated Profile A from B, which were: professional status; homophily in relational ties; professional authority; goals and aspirations; and values and professional ethics. In the following section, these are summarized around the relational dynamics of economic, cultural and social capital. In the discussion, we theorize how these profiles impact on field-level struggles for capital and differences in professional habitus.

Relational Dynamics of Economic Capital

Our data indicated two principle elements relating to the configuration and representation of economic capital that assisted in the creation of a legitimate identity for Profile B: *veiled philanthropy* and *insouciant pricing*. Displaying altruism, whether strategic or heartfelt, has been shown to be important for new ventures through emphasizing their moral legitimacy and downplaying self-interest (David et al., 2012; Suchman, 1995). It has been noted that philanthropy, defined as the pursuit of social objectives on a not-for-profit basis (Harvey et al., 2011: 428) can also be used by dominant agents to accumulate power in entrepreneurial fields. From the data, it emerged that philanthropy is a legitimacy-seeking strategy important to the ongoing negotiation of legitimacy for established firms which was relevant to stakeholders providing resources, such as client referrals. Whilst both profiles engaged in philanthropy through activities such as giving their time for free, sitting on boards of governors, and becoming involved in charitable organisations, such pursuits tended to be veiled and ostensibly less strategically motivated for Profile B. Often the philanthropic activities of Profile A were more visible, and done strategically to improve the reputation of their ventures, as expressed by Andrew: ‘the motive obviously to get to know a lot more people and hopefully develop your business on the back of that’. Extant research has found some entrepreneurs to be more openly driven by short-term sales goals in their networking behaviours (Lockett et al., 2012), and our findings suggest such an approach lacks legitimacy in professional fields.

Profile B, by contrast, would often state that their primary motivation was to help the community, struggling businesses, or to be compassionate to clients in adverse personal circumstances. A good example is Richard, who explained:

A number of years ago I took on power of attorney for a chap who was mentally ill and he'd been left some money. I mean I got a fee out of it but the thing has been going on for years and years and I've never taken any more fees for it.

Whilst the literature suggests that the cost or intensity of non-economic activity allows status distinctions to be made between individuals (Bliege-Bird and Smith, 2005; Veblen, 1994 [1899]), the data suggested legitimacy was also enhanced to those who kept their philanthropy hidden and apparently disinterested.

Following on from this, Profile A were in general more openly pursuing profitability and maximizing fees than Profile B, who tended to be disparaging about those accountants who were 'touting for business' (Simon) and claimed stability and the quality of service they offered were their principle motivations. Our data indicated that another element underpinning the relational dynamics of economic capital with legitimacy implications was pricing, which related to both institutional cultural alignment and symbolic or signalling effects. Profile B used the traditional professional practice of time-sheets or engaged in what has been termed *compassionate pricing*, which related to the philanthropic pursuits described above: 'I think of a price and think, well, can they afford it? No they can't but then they know I'll say restricted until they can afford it in the future' (Joyce). The data indicated the most legitimate mode of pricing was insouciant: to appear to be unconcerned about fees. A good example of this attitude was expressed by Simon:

I don't think pricing is in the main an issue for us. People want your service and they're prepared to pay a reasonable fee... if I don't want the work I quote a high fee and if I do want the work I quote correctly.

Profile B could therefore use price as a legitimacy-seeking strategy: by charging relatively high fees according to methods approved by professional norms, they signal their inherent worth to their clients and potential clients; by quoting incorrectly, they used pricing strategically to deter acting for clients.

Profile A, by contrast, tended to use marketing discourses to describe their pricing practices, such as *value pricing*, where the ‘client gets everything’ (Samuel), or alternatively discounting fees to win clients. Rewarding referrals and discounting fees is as a newer phenomenon, since ‘historically, Chartered Accountants weren’t allowed to poach, whereas now it’s changed slightly, and I think it’s just taking a different slant on it’ (Henry). The opinions of Profile B contrasted starkly with this outlook, drawing attention to wider structural issues of institutional legitimacy, as traditionally professional firms were not seen as competing on price (Lowendahl, 2005) and there are still professional codes of ethics which warn against such practices. Profile A were trying to bring new discourses and practices from outside the professional field, and our data indicated such actions face strong resistance from entrenched value systems in this context. The higher client turnover of Profile A, and their greater difficulties attracting new clients, suggests that such techniques lack legitimacy, potentially damaging their reputation with other firms as well as clients.

Cultural Capital and Professional Status

Our data indicated that there was a strongly hierarchical status accorded to the professional associations (ACCA¹ and ICAS) with which participants and their ventures were affiliated. ACCA members would comment about ICAS that ‘it’s the exclusivity of it that keeps it going... as soon as you make something semi-exclusive, there’s a certain snobbery about it that has nothing to do with how good you are’ (Gavin). ICAS trainees had to be in practice whilst gaining their qualification: ‘whereas ACCA can become an accountant from any source, and only need practical experience once they had their exams’ (Jeff). Professional affiliation was linked to

¹ Description of acronyms: ACCA (Association of Chartered Certified Accountants); ICAS (Institute of Chartered Accountants of Scotland); NCIS (National Criminal Intelligence Service)

legitimacy, and to resources gained throughout the professional career including higher economic rewards, as ‘ICAS graduates get paid for the reputation of ICAS’ (Samuel); a larger support network and access to information, as there are ‘more ICAS graduates... in practice’ (Irene); and better credibility amongst clients, who tended to understand what a ‘Chartered Accountant’ was, but would question what ‘Chartered Certified’ meant. The historical and spatial context was also relevant, since not only were ICAS the first ever professional body (which brings with it some prestige), but the differences were more strongly underlined in the UK, where there is ‘a peer system where CAs look down their noses to everyone else’ (Henry). Most Profile A owners were ACCA affiliated, and whilst there were some ACCA affiliated members in the more traditional cohort, they tended to be in ICAS-registered practices. Credentials have been shown to be important for entrepreneurial legitimation (Nagy et al., 2012) and our findings extend this to suggest in mature, institutionalized fields the status hierarchy amongst qualifications is particularly marked, generating different levels of symbolic capital and thus differentiated returns.

Another aspect of institutionalized cultural capital that tended to separate apostate from traditional business owners was possession of a certificate to undertake audit. Our findings confirmed that regulatory changes raising the minimum threshold for an audit to £3.6 million had virtually eradicated audit from the small venture’s portfolio (Jarvis and Rigby, 2012), but we found that Profile B individuals, who tended to have this qualification, were adamant that they would maintain it, despite its value being largely symbolic. Given the accountant title is not protected, as with other professions such as law and medicine, audit is the only regulated aspect of accountancy that requires accreditation, thereby serving as an important signal of

institutional legitimacy. Audit changes had a negative impact on Profile A, allowing so-called ‘non-qualifieds’ to enter the market, this new competition being one reason why apostate owners found it necessary to discount fees, moving them further away from the dispositions and practices of Profile B.

Social Capital, Partnerships and Homophily

The relationship between the characteristics of founders and resource acquisition has been shown to be the result of a context-dependent interplay between status, demographic features and social capital (Packalen, 2007). Our findings were that experience as a Partner prior to starting the current venture had implications for social capital, and underlined the benefits and risks of partnership for small accounting ventures. The breakdown of trust and dissolution of partnership ties from previous ventures allowed nascent owners to take their clients with them, since in small accounting firms clients are associated first and foremost with the individual rather than the organization. Given the difficulty in establishing legitimacy with new clients, access to a cohesive core of contacts emerged as a primary source of social capital for small ventures at start-up. Conversely, partnership entails the risk that organizational members will defect and take their clients with them, which had also happened in a number of cases.

When going into partnership, we found the prevailing trend was for partners to be ‘trusted alters’, and that chosen partners were in various ways similar, particularly in relation to value homophily (Lazarsfeld and Merton, 1954; McPherson et al., 2001). One partner explained ‘you really have to know the people you’re in business with... the one thing you don’t want as a professional is to have your moral or ethical standards compromised’ (James). Regulatory changes to audit compounded

this scenario, as more stringent monitoring alerted partners to normative differences in their inter-organizational practices they may have otherwise overlooked. In one case, the dissolution of a partnership was complicated by the advent of audit regulation:

Instead of operating as two individuals, we had to operate as an organization, and it was just never, because of personalities, it was never going to work. So that's why I ended up on my own. (Richard)

With regard to status homophily, there were generally socio-demographic similarities between partners. However, the real key was to have different resources: different interpersonal skills, varied networks or complementary specialisms (e.g. tax and audit). Whilst other studies have observed dysfunctional effects of homophily when similarities and overlaps in networks arise (Neergaard and Madsen, 2004), we found that partners rarely shared social contexts and overall kept their networks distinct from one another.

Homophily was also notable in client ties, where it was commented that 'people feel more comfortable with people of their own vintage' (Simon), as well as on an interpersonal, cognitive level, where 'you need to communicate in the same way, in your own psyche' (Joyce). From a legitimacy perspective, prior research has also found that resource acquisition depends on structural similarities (in terms of norms, expectations or status) between the resource holder and the resource seeker (Zott and Huy, 2007). Profile B individuals were particularly concerned with the types of clients they took on, as the wrong type of clients could interfere with audit independence or ask their accountant to do something they were not comfortable with. Actors with this profile were generally at 'the more conservative end of the market' (Simon). Profile A had fewer homophilous ties, which were also less durable:

Historically, if you got a client they would probably be a client for life, but nowadays, you get a client and you only expect them to be with you for five or six years... that's just life now. (Henry)

This was indicative of the differences between Profiles A and B. Whereas Profile A saw themselves as changing and adapting to prevailing trends from outside the professional field, and were in this sense *apostate* or iconoclastic in approach, 'rule breakers' as described by De Clercq and Voronov (2009a: 395), Profile B, being more orthodox or *traditional* in outlook, were unaware of or resistant to such changes.

Different dispositions were also in evidence with regard to what business owners were willing to exchange with their clients. The concept of embeddedness suggests that, as people become tied together in more intense relationships, they trust each other and share resources more willingly (Granovetter, 1985; Jack and Anderson, 2002; Uzzi, 1997). Prior research suggests the importance of the concurrence of several contents in one link, so called 'multiplexity', for resources to be accessed (Brown and Butler, 1995; Shaw, 2006). Our data indicated that useful resources such as technical information and referrals flowed to Profile B, who tended to maintain *uniplex* ties, whose content was restricted to business exchange alone. Whilst this finding in itself is not novel, as evidenced by Granovetter's (1973) strength of weak ties thesis, our data suggested that the institutional context legitimized uniplexity, and these were strong, reciprocal ties in which the business owner had invested considerable time and emotion.

For Profile B, professional independence was paramount. According to such actors, accountants should not become over-friendly with clients for ethical reasons. Similarly, it was not advisable to accept friends as clients since, 'it comes down to trust, on both sides, and if that's going to be held back in some way then it's better not to act' (Irene). This had become even more paramount in light of recent

regulatory changes to the Money Laundering Act in the UK, obliging accountants to report any irregularities to the NCIS. The tightening of audit controls also meant that ‘these days you have to be aware of keeping your distance and keeping sufficient distance’ (Simon). Similar normative standards prevented Profile B actors from accepting gifts or discounts for work carried out by their clients. Profile A tended to defend their closeness to clients, which Samuel’s admission illustrates well:

In terms of having that close relationship, I would say look at my files. I’ve got a reputation for doing things properly. I was in Italy in the summer and one of my clients arranged the place for me... They know I’ll be there for them and they’ll happily be there for me.

There was a certain acceptance by Profile A that they knew their outlooks would be scrutinized and potentially disapproved of by the field, in which institutional norms warned against multiplex exchanges with clients.

One final aspect of social capital deserving of mention concerns how information was accessed by the different Profiles. Small accounting ventures need to keep up-to-date with regulatory changes and access complex technical information which, due to a lack of time and other resources, is often achieved through networks. Profile A were not generally embedded in informal professional networks where they could access this information freely, since whilst there were ‘accountants I could quite happily phone for advice, and they would get it right, they would send me a bill for hundred pounds’ (Jim). Another option Profile A would typically pursue was joining formal closed networks, where money was exchanged in return for needed resources and guarantees against opportunism or parasitic behaviour (Neergaard and Ulhøi, 2006). Profile B actors, conversely, were able to rely on co-operative arrangements with other trusted professionals, which suggested that they were perceived as legitimate by practicing professionals, and that they were deemed capable of generalized reciprocity. The literature has acknowledged the importance

of creating trust or a sense of obligation in order to access resources below market price (Witt, 2004). Our data suggested reciprocal benefits operate like a ‘virtuous circle’ (Putnam, 1994) with self-reinforcing, cumulative effects of trust, cooperation and reciprocity for Profile B and isolation, self-interest and lack of cooperation hindering the exchange of resources for Profile A.

Discussion and Conclusion

Our aim was to address how legitimacy is relationally constructed by business owners through examining the relevance of the different forms of capital in a defined institutional context. The two Profiles identified in this study, apostate and traditional, shared specific characteristics, not only in terms of capital, but also in terms of dispositions and values relative to the professional field, questioning the dominant, more successful logic for the owners of small accounting ventures (Obloj et al., 2010). We identified conflict amongst business owners concerning the goals, responsibilities and jurisdictions of professional accountants. The most common difference revolved around those who saw themselves as traditional professional accountants (Profile B), *vis-à-vis* those who regarded themselves as primarily business advisors (Profile A). We consider such variances to denote a subtle but significant difference in the professional habitus of the individuals concerned. Within our context, the apostate field agents were those who embodied a habitus that was at odds with the dominant dispositions of the field, and their attempts to ‘stand-out’ (De Clercq and Voronov, 2009a) were not seen as legitimate, resulting in limited access to resources.

In developing our model of legitimacy, we considered the fundamental relational characteristics that defined legitimacy in our study, and reflected on these

findings relative to extant research (De Clerq and Voronov, 2009a; 2009b; Tornikoski and Newbert, 2007; Zimmerman and Zeitz, 2002) and Bourdieu's (1977) rich system of thought. In our context, we found that the degree of accumulated social capital was particularly high, meaning that social formations were mediated by objective, institutionalized mechanisms (Bourdieu, 1977: 130). Those business owners who had appropriated the means (which were legitimized field-specific configurations of economic, cultural and social capital) found resource acquisition relatively simple, and did not need to take strategic action other than conformance to institutional norms, which was natural to them through the enactment of their traditional professional habitus (Suchman, 1995).

Our findings suggest that legitimacy is highly contextualized, and the degree of objectification i.e. the degree to which institutionalized mechanisms such as credentials control access to capital and reproduce the structure of its distribution, will determine the possibilities for agents to achieve legitimacy in a given field. Our context, the traditional professional services, provides an extreme example of a field where there is a *doxic* relation to the social world, resulting in the field only recognizing particular configurations of capital as legitimate (Bourdieu, 1977). We therefore confirm, empirically, that in mature fields, conformance to established norms is of paramount importance for resource acquisition (De Clerq and Voronov, 2009c; DiMaggio and Powell, 1983). In Figure 1 below we demonstrate the interplay between these concepts. In our institutionalized environment, strategies aimed at generating symbolic capital and institutional legitimacy were particularly related to adherence to professional ethics and the eschewal of economic gain.

[INSERT FIGURE 1 HERE]

In our context, *doxa*, ‘that which goes without saying because it comes without saying’, was contested by Profile A, perhaps in response to field level changes that have led to a reconstitution of the small practice in recent years (Ramirez, 2009). Struggles to define and classify what is culturally and symbolically accepted practice within a field, and which actors and types of action are ‘pure’ or ‘impure’, professional or commercial, constitutes an important dimension of social conflict (Bourdieu, 1984; Emirbayer and Goodwin, 1994). The large accounting firms and professional bodies (Greenwood et al., 2002; Ramirez, 2009) have actively promoted the repositioning of the small firm as a *business advisor*, a one-stop shop for smaller clients. Yet the business owners who adopt this habitus (Profile A) share a number of characteristics, experiencing a general dissatisfaction with their businesses, difficulty in attracting new clients, and intense competition from other firms, particularly ‘non-qualified’ ones. Profile A had low industry status, but contrary to the findings in other entrepreneurial contexts (Packalen, 2007), the mature professionalized field limited the efficacy of novel or unconventional strategies to overcome this deficit.

The movement towards small practitioners reinventing themselves as business advisors has been discussed in previous research (Ramirez, 2009). However, we found that those business owners who adopted this logic tended to find resource acquisition most problematic, suggesting a lack of legitimacy. Little is known about how small ventures are coping with these changes (Suddaby et al., 2009), but it appears that a commercial ideology may conflict with the traditional roles and rules of a professional accountant, and this lack of normative consensus may limit its chances of success. There has been intense scrutiny and criticism of the

movement of the Big Four accounting firms into consultancy (Holm and Zaman, 2012; Sikka, 2009), yet the drift of these large firms into non-audit work has continued steadily due to the low margins and maturity of the audit market. The ability to steer towards commercial interests may be acceptable for large firms, who have the resources to decouple controversial practices, such as consultancy, from traditional professional practices like audit. This finds some support in a study by Jennings et al. (2009), who found that professional service firm start-ups seeking to establish themselves by pursuing a strategy of moderate divergence from a field's institutionalized practices, did not perform as well as those who chose to follow it instead.

Legitimation is a mechanism that negotiates between the structures of groups and the actions of individuals (Berger and Luckman, 1966; Meyer and Rowan, 1973); and what *looks right* and is legitimate for larger accounting firms does not appear to fit with the small practice, failing to legitimate them to relevant stakeholders. In struggles for capital and legitimacy among small accounting firm owners, achieving that fit with key stakeholders is what appears to matter most. The degree of hierarchy and formalization of the social structure does not permit the alternative apostate habitus to succeed; instead, the traditional professional habitus reproduces an orthodox identity of professionals as altruistic and orientated towards client needs rather than economic gain. Intraprofessional 'ostracism' (Bourdieu, 1977) and low levels of field-specific legitimacy for apostates reduced their chances of achieving positive outcomes in their resource acquisition dilemmas.

In the model we have also conceptualized the possibility for changes to occur in the system of reproduction as a result of discourse, which could happen as a result of crisis or the transforming of a field, or because the field is emerging and therefore

standards and rules are poorly defined (Suchman, 1995). Such fields will have lower objectification of accumulated social capital, meaning that social formations are mediated through interactions between persons, requiring deliberate intervention by the agent (Bourdieu, 1977: 184). Symbolic capital contributes to both forms of legitimacy, but emerges differently: in our study, legitimacy was derived from objectified forms, such as credentials, homophily, solidarity, and from eschewing economic gain. Strategic modes of legitimacy are also important, in terms of impression and symbolic management, but they are less powerful than institutional conformance. Drawing on the findings of other entrepreneurial legitimacy studies, our model suggests emerging or transforming industries are likely to give relatively higher returns to strategic legitimacy, and symbolic capital will accrue to ‘innovators’ and those entrepreneurs who maintain social relations through a process of continuous creation and symbolic efforts directed towards ‘standing out’ (De Clerq and Voronov, 2009a; Bourdieu, 1977).

With regard to practice, we found that traditional business owners orientate themselves more towards cultural as opposed to economic capital, which in the accounting context generates greater symbolic capital and the easier conversion of capital forms into prized resources. We are not suggesting that the discourses of professionalism, such as a disregard for commercial interests, client care, independence and due diligence (together with practices rooted in such discourses), are intrinsically less self-motivated than the discourses of customer service, marketing, business development services and strategic planning. Bourdieu’s (1984) perspective is that, on the contrary, actions that appear disinterested often attract greater symbolic power and legitimacy. Lacking the resources of larger firms, small accounting ventures may benefit from improved access to resources if they focus

their efforts on fitting in with prevailing professional logics rather than adopting norms and scripts from outside their focal field. One benefit of enhanced professional legitimacy could be improved access to informational resources from intra-professional ties, as has been the case in the medical profession (Adler et al., 2008). Status conflict and intra-professional disagreements over legitimacy may disadvantage the small accounting firm sector as a whole, ultimately favouring the interests of large, dominant players.

The main limitation of this study concerns its small sample size and single sector focus. Our findings relate to established accounting ventures, and whilst there may be similarities with other professionalized sectors such as law, they cannot be seen as representative of the small firm sector. An advantage, however, of our single sector context is that it is atypical in entrepreneurship research, and therefore helps theoretical development by serving as a point of comparison with extant legitimacy research more typically conducted in new or emerging sectors. Also, participants were interviewed on two occasions, endowing our study with a valuable diachronic dimension, engendering a cycle of comparison and reflection within and across stages and cases.

This paper makes several contributions. We add to emerging conceptualizations of the legitimacy of small ventures by undertaking a single-sector study that identified certain agential capital characteristics, which when viewed relative to field dynamics and resource holders, may confer legitimacy. We confirm empirically the relative roles of conforming legitimacy and strategic legitimacy in a mature, professionalized sector and present a model that could serve as a useful foundation for developing context-specific propositions for testing in other institutional environments. Secondly, in contributing a contextually grounded

empirical study of the relational dynamics of firm development, we add to the emerging body of entrepreneurship research that employs Bourdieu's praxeology as a theoretical lens through which to explore the interplay between agency, structure, capitals and firm performance (Anderson et al. 2010; De Clerq and Voronov, 2009a;). We see benefits in such an approach, and suggest that future research should consider applying Bourdieu's work to new contexts in order to acquire a more detailed understanding of the configurations and 'clandestine conversions' of entrepreneurial capital. Cross-sectional studies or case study research involving multiple sources of data, across time, space and persons, would be well suited to this task.

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Table 1: Participants

Pseudonym	Age and Gender	Firm Size-no. employees	Professional Association (Business if different)	Date started	Previous experience as partner	Previous experience in industry
<i>Profile A, apostate</i>						
Gavin	58 (m)	4	ACCA	1983	Yes	Yes
Henry	33 (m)	30	ACCA (ICAS)	2000	No	No
Janette	51 (f)	7	ACCA (ICAS)	2002	No	Yes
Jeff	54 (m)	4	ACCA	1994	No	Yes
Jim	48 (m)	0	ACCA	2005	No	Yes
Patrick	43 (m)	0	ICAS	2005	No	Yes
Phil	48 (m)	2	ACCA	1994	No	No
Samuel	52 (m)	6	ACCA	1996	Yes	No
<i>Profile B, traditional</i>						
Andrew	50 (m)	17	ACCA (ICAS)	1996	Yes	No
Irene	55 (f)	0	ACCA (ICAS)	1997	Yes	Yes
James	52 (m)	14	ACCA (ICAS)	2003	Yes	No
Joyce	58 (f)	0	ICAS	2002	Yes	No
Melanie	53 (f)	0	ICAS	1997	No	Yes
Richard	53 (m)	2	ICAS	1993	Yes	No
Simon	47 (m)	2	ICAS	1994	No	No

Figure 1: Legitimacy in Mature and Emerging Fields

